

Subchapter D. Personal Property Title Insurance
28 TAC §9.501

1. INTRODUCTION. The Commissioner of Insurance adopts new Subchapter D, §9.501, concerning the adoption by reference of amendments to the *Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas* (Basic Manual). The new section is adopted without change to the proposed text published in the November 16, 2007 issue of the *Texas Register* (32 TexReg 8282).

2. REASONED JUSTIFICATION. The amendments to the Basic Manual, which the new section adopts by reference, were considered at a hearing on October 18, 2007, Docket Number 2672, in accordance with the Insurance Code §§2751.051 and 2751.053. The adopted amendments provide forms, endorsements, and rules for the writing of personal property title insurance. All forms and rules have been adopted for use in commercial transactions. The adoption of the new forms and rules to the Basic Manual will result in consistent administration of the marketing of the new product and will facilitate efficient, industry-wide regulation of the new product. The adopted amendments are identified in this Order by the item numbers used at the October 18 hearing. Pursuant to Commissioner's Order No. 08-0094, February 6, 2008, Agenda Items 2007-11 – 19 were disapproved. The effective date of the adopted section is March 31, 2008.

3. HOW THE SECTION WILL FUNCTION. The Agenda Items which are the subject of this adoption are as follows:

The adopted amendments to the Basic Manual are identified by the item number used at the October 18 hearing. These items were incorporated into the Basic Manual. The adopted amendments also change the names of forms submitted with Items 2007-1 - 2, 20 - 26, and 44 - 45 to clarify form types and to provide a generic naming scheme for all forms. In addition, this adoption adds a statement on each endorsement to indicate with which form each endorsement may be issued. Further, all forms are assigned a form number, and all endorsements are assigned an endorsement number that includes the form number to which the endorsement may be issued. Forms are also re-formatted to provide uniformity and to reduce page volume. The adopted amendments delete the consumer notice language from Items 2007-23 - 26 in conformity with Commissioner's Bulletin No. B-0023-07, issued May 22, 2007, relating to consumer notice of toll-free telephone numbers and procedures for obtaining information and filing complaints. The adopted amendments change the organizational structure of the Basic Manual to provide a new section for personal property title insurance and to provide new subsection tabs for: Insurance Code Chapter 2751, forms and endorsements, procedural rules, and rates rules. Finally, the adopted amendments move Items 54 and 55 from the procedural rule section of the old manual to the new procedural rule section for personal property title insurance.

The Department has filed a copy of each of the adopted items with the *Texas Register* section of the Secretary of State. Copies of the adopted items can be obtained from the Office of the Chief Clerk, Texas Department of Insurance, 333 Guadalupe

Street, Austin, Texas, 78701. To request copies, please contact Sylvia Gutierrez at 512/463-6327.

4. SUMMARY OF COMMENTS AND AGENCY RESPONSE.

Comment: One commenter recommended that the personal property title insurance issues be considered in a proceeding separate from those of the Biennial Hearing related to real property title insurance. The commenter requested that Item 2007-57 be revised to provide for a biennial hearing process similar to but separate from that employed to consider real property title insurance issues. The commenter also suggested that the separate proceeding be held in a similar fashion as the real property biennial, but based on an odd-numbered year schedule as opposed to an even-numbered year schedule.

Agency Response: The Department disagrees. The title insurance biennial hearing process is a statutory requirement of the Insurance Code Chapter 2703, which mandates a biennial hearing for the fixing and promulgating of title insurance rates during each even numbered year. The statute does not differentiate between personal and real property title insurance nor does SB 1153 except personal property from the requirements of Chapter 2703.

5. NAMES OF THOSE COMMENTING FOR AND AGAINST THE SECTION.

For Item 2007-57 With Changes: Texas Land Title Association.

Against: None.

6. STATUTORY AUTHORITY. The new subchapter is adopted pursuant to the Insurance Code §§2751.051 and 2751.053, as enacted by SB 1153, and the Insurance Code §§2551.003 and 36.001. Section 2751.051 requires the Commissioner to prescribe policy forms. Section 2751.053 requires the Commissioner to provide reasonable notice and a hearing to title insurance companies, title insurance agents, and the public prior to the adoption of policy forms. Section 2551.003 authorizes the Commissioner to promulgate and enforce rules prescribing underwriting standards and practices, and to promulgate and enforce all other rules necessary to accomplish the purposes of Title 11, which regulates title insurance. Section 36.001 provides that the Commissioner of Insurance may adopt any rules necessary and appropriate to implement the powers and duties of the Texas Department of Insurance under the Insurance Code and other laws of this state.

7. TEXT.

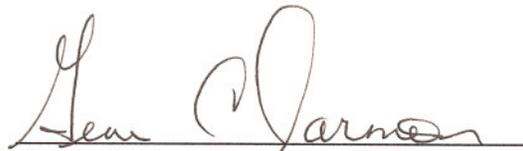
Subchapter D. Personal Property Title Insurance

§9.501. Amendments to the Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas. In addition to the material adopted by reference under §9.1 of this title (relating to the Basic Manual of Rules, Rates, and Forms for the Writing of Title Insurance in the State of Texas), the Commissioner of Insurance adopts by reference, as part of the manual, forms, endorsements, and rules

approved as a result of a public hearing on October 18, 2007, and submitted as Agenda Items 2007-1, 2007-2, 2007-3, 2007-4, 2007-5, 2007-6, 2007-7, 2007-8, 2007-9, 2007-10, 2007-20, 2007-21, 2007-22, 2007-23, 2007-24, 2007-25, 2007-26, 2007-27, 2007-28, 2007-29, 2007-30, 2007-31, 2007-32, 2007-33, 2007-34, 2007-35, 2007-36, 2007-37, 2007-38, 2007-39, 2007-40, 2007-41, 2007-42, 2007-43, 2007-44, 2007-45, 2007-46, 2007-47, 2007-48, 2007-49, 2007-50, 2007-51, 2007-52, 2007-53, 2007-54, 2007-55, 2007-56, and 2007-57. The document is available from the Texas Department of Insurance, Title Division, Mail Code 106-2T, 333 Guadalupe Street, Austin, Texas 78701-1998.

CERTIFICATION. This agency hereby certifies that the adoption has been reviewed by legal counsel and found to be a valid exercise of the agency's legal authority.

Issued in Austin, Texas, on February 5, 2008.



Gene C. Jarmon
General Counsel and Chief Clerk
Texas Department of Insurance

IT IS THEREFORE THE ORDER of the Commissioner of Insurance that new Subchapter D, §9.501 specified herein, concerning amendments to the *Basic Manual Of*

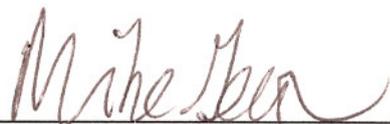
08-0095

TITLE 28. INSURANCE
Part I. Texas Department of Insurance
Chapter 9. Title Insurance

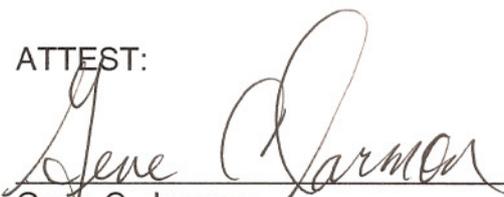
Adopted Section
Page 6 of 6

Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas, is adopted.

AND IT IS SO ORDERED.


MIKE GEESLIN
COMMISSIONER OF INSURANCE

ATTEST:


Gene C. Jarmon
General Counsel and Chief Clerk

COMMISSIONER'S ORDER NO. **08-0095**

FEB 06 2008